What the UK election means for Brexit

How the election could impact the Brexit process, UK economy and financial markets

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How the 2019 UK election could impact the Brexit process, the UK economy and financial markets

Watch: Get Brexit done! Really?

Inside this slidepack

Part 1: What the UK election means for Brexit in seven scenarios

How December's UK election could impact the Brexit process, the UK economy and financial markets (GBP and UK debt)

Part 2: The moving parts in the race for No. 10

Why December's general election could produce some surprising results

Get in touch

James Smith
Economist, Developed Markets +44 20 7767 1038

Chris Turner
Global Head of Strategy +44 20 7767 1610

Petr Krpata
Chief EMEA FX and IR Strategist +44 20 7767 6561

Antoine Bouvet
Senior Rates Strategist +44 20 7767 6279

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Seven scenarios for Brexit after the UK election

Large Conservative majority

- Easy to pass withdrawal agreement bill and UK leaves EU at end of Jan.
- Crucially it could also give Johnson the political breathing space to extend the transition period – and commit to the associated EU budget payments.
- Equally if the government decides it doesn't want to extend the transition, it could be very hard for MPs to force an extension – repeat 'Benn bill' attempts will be tough.

Thin Conservative majority

- Brexit deal ratified and the UK to leave the EU at end of Jan, although the legislation could be vulnerable to amendment (MPs trying to set the direction of trade talks).
- Johnson could also have limited room to manoeuvre on extending the transition period – politically challenging to sign up to extra EU budget payments.
- May increase the risk of an abrupt single market/customs union exit in Dec 2020.

Solid Labour-led minority government

- Conservatives fail to secure majority. Labour gains more seats than expected, so has more scope to build a stable working majority with other parties (most likely using an informal confidence-and-supply deal).
- Second referendum happens – perhaps on an accelerated timeline. Article 50 extended.
- Either UK remains in the EU, or leaves with a deal (likely 'softer' than Johnson's). 2nd Scottish referendum may be avoided if Labour can govern without SNP involvement.

Fragile Labour-led minority government

- Labour government heavily reliant on multiple parties to support a thin working majority focused only on key policy areas
- Second referendum still likely, but scope for disagreement over the question and process. The type of deal that is put forward in a referendum will also be controversial.
- Likely that Labour will be reliant on SNP support - a second Scottish referendum more likely. Question is when: 2020 or 2021?

Conservative (+DUP) minority government

- Conservatives fail to gain a majority. Party secures DUP support (or less likely Brexit Party) but this requires wholesale changes to the deal. Realistically, this three-way UK-DUP-EU deadlock is unlikely to be broken
- This leads to more uncertainty and an elevated 'no deal' risk at the end of Jan, echoing September/October impasse

Conservatives try to 'go it alone'

- Conservatives get the most seats but fall short of a majority and fail to find a partner in Parliament. Labour also can't form a government. Impasse continues, maybe leading to another election. 'No deal' risk rises'

Labour majority

- Labour defies the odds and gains enough seats. Party still likely to push for a second referendum, but bigger focus for markets will be on their economic campaign pledges (e.g. nationalisation, share ownership)

Seven scenarios for Brexit after the UK election

Market positive · Neutral · Market negative

		No deal exit on/after 31 Jan	Abrupt end to transition period in Dec 2020	Second Brexit referendum	Scottish referendum	Economic policy
	Large Conservative majority	**Unlikely** Deal set to be ratified	**Fairly unlikely** PM has political space to extend transition	**Very unlikely** Deal set to be ratified	**Very unlikely** Government not relying on SNP support	**Neutral** Fiscal rules tweaked and modest investment
	Thin Conservative majority	**Unlikely but possible** Deal ratified but bill could meet tricky amendments	**Low possibility** EU budget payments may prove too controversial	**Unlikely** Deal likely to be ratified	**Very unlikely** Government not relying on SNP support	**Neutral** Fiscal rules tweaked and modest investment
Hung Parliament	Conservative (+DUP) minority government	**Possible** Deal rejected, but MPs could block 'no deal' again	**Possible** But Parliament may try to force extension	**Low possibility** Deal fails, Johnson opts for this as 'least worst' option	**Very unlikely** Government not relying on SNP support	**Neutral** Modest spending increase but risk MPs block budget
Hung Parliament	Conservatives try to 'go it alone'	**Very possible** Govt could fall apart. Risk of accidental 'no deal'	**Possible** But Parliament may try to force extension	**Unlikely but possible** Govt vulnerable – risk of another election	**Unlikely but possible** If there's another election & SNP holds key to power	**Neutral** Without majority, budget gets stuck in Parliament
Hung Parliament	Fragile Labour-led minority government	**Unlikely but possible** If government falls apart, 'no deal' risk could return	**Fairly unlikely** Transition extended if voters back deal in 2nd ref	**Likely** Can opposition parties agree on the process?	**Likely** Q is whether it happens before/after 2nd Brexit ref	**Modest changes** Expansionary policy, but scope of reform limited
Hung Parliament	Solid Labour-led minority government	**Unlikely** Second referendum likely. Article 50 extended	**Unlikely** Transition extended if voters back deal in 2nd ref	**Highly likely** Choice between softer deal and 'remain'	**Reasonably likely** Depends if SNP hold key to power	**Some changes** Some bold reform, looser fiscal policy
	Labour majority	**Unlikely** Second referendum likely. Article 50 extended	**Unlikely** Transition extended if voters back deal in 2nd ref	**Highly likely** Choice between softer deal and 'remain'	**Unlikely** Government not relying on SNP support	**Big changes** Nationalisation, changes to share ownership

Sterling and UK gilt yields under each scenario

Market positive ▪ Neutral ▪ Market negative

	Immediate/short-term (Dec)	First-half 2020 (Feb-June)		Second-half 2020 (July-Dec)
Large Conservative majority	**Deal ratified** EUR/GBP: 0.83 GBP/USD: 1.33 2Y yield: 0.50% 10Y yield: 0.75%	**Transition uncertainty** EUR/GBP: 0.85 GBP/USD: 1.32 2Y yield: 0.75% 10Y yield: 0.88%	Transition decision	**Transition extended until 2022** EUR/GBP: 0.82 GBP/USD: 1.38 2Y yield: 1.00% 10Y yield: 1.00%
Thin Conservative majority	**Deal ratified** EUR/GBP: 0.84 GBP/USD: 1.31 2Y yield: 0.38% 10Y yield: 0.68%	**Transition uncertainty** EUR/GBP: 0.88 GBP/USD: 1.27 2Y yield: 0.75% 10Y yield: 0.88%	Transition decision	**Transition not extended by June deadline** EUR/GBP: 0.93 GBP/USD: 1.20 2Y yield: 0.75% 10Y yield: 0.88%
Conservative minority (DUP/alone)	**No deal risk rises amid impasse** EUR/GBP: 0.90 GBP/USD: 1.20 2Y yield: 0.25% 10Y yield: 0.50%	**Art. 50 extended, repeat election possible** EUR/GBP: 0.90 GBP/USD: 1.22 2Y yield: 0.50% 10Y yield: 0.75%		**Uncertainty persists** EUR/GBP: 0.90 GBP/USD: 1.24 2Y yield: 0.68% 10Y yield: 0.88%
Fragile Labour-led minority government	**Second referendum likely – unstable govt** EUR/GBP: 0.83 GBP/USD: 1.33 2Y yield: 0.50% 10Y yield: 0.75%	**Referendum process drags on** EUR/GBP: 0.87 GBP/USD: 1.29 2Y yield: 0.50% 10Y yield: 1.00%	Referendum result	**UK votes to leave (softer deal). Election?** EUR/GBP: 0.81 GBP/USD: 1.40 2Y yield: 0.68% 10Y yield: 1.13%
Solid Labour-led minority government	**Optimism on referendum** EUR/GBP: 0.80 GBP/USD: 1.38 2Y yield: 0.50% 10Y yield: 0.88%	**Uncertainty as Brexit referendum set-up** EUR/GBP: 0.84 GBP/USD: 1.33 2Y yield: 0.50% 10Y yield: 1.00%	Referendum result	**UK stays in EU albeit Scottish risk remains** EUR/GBP: 0.78 GBP/USD: 1.45 2Y yield: 0.75% 10Y yield: 1.25%
Labour majority	**Economic policy concerns** EUR/GBP: 0.90 GBP/USD: 1.22 2Y yield: 0.50% 10Y yield: 0.75%	**Focus switches from policies to second ref** EUR/GBP: 0.86 GBP/USD: 1.30 2Y yield: 1.00% 10Y yield: 1.25%		**Softer or no Brexit but bold policy** EUR/GBP: 0.86 GBP/USD: 1.31 2Y yield: 1.25% 10Y yield: 1.50%

What the UK election means for Brexit

An in-depth look at seven scenarios

The new ‘no deal’ – The risk of an abrupt end to the transition period

The UK needs to pay into the next EU budget to secure an extension to the transition period beyond December 2020

2020

Feb-June
Initial trade talks will quickly turn to money

12 December
Election date

31 January
Current Brexit date. If Conservative majority, deal likely to be ratified before then

30 June 2020
Deadline to extend transition period, set out within withdrawal agreement

Default: UK (ex NI) leaves single market and customs union

or

Transition extended to 2022, subject to EU budget payments

31 December 2020
Current end date of transition period

Things that need to happen to ensure smooth exit in December 2020 – why an extension is likely

- Negotiate free-trade agreement with the European Union – Michel Barnier has previously estimated this could take two/three years or longer
- If the transition period is to be extended, negotiate the UK’s contribution to the EU’s next multi-annual budget. This could get messy – particularly given that the UK will have lost its right to a rebate
- Hire staff to operate new customs, regulatory checks at the UK entry points
- Build and implement new border checks/online technology to handle new paperwork/payments
- Implement new checks/controls on goods flowing between GB and Northern Ireland. Set criteria determining “at risk” goods

Large Conservative majority

PM Johnson has the breathing room to pass his deal, and more importantly, to extend the transition period beyond 2020

Polling suggests the Conservatives could get a sizable majority – perhaps 40-seats or more if you believe the seat projection models.

This would allow the PM to get his deal ratified – probably allowing the UK to leave the EU by the end of January (although another technical Article 50 extension shouldn't be ruled out). The legislation is also likely to pass without amendment, giving Johnson more control over the next phase of EU trade talks.

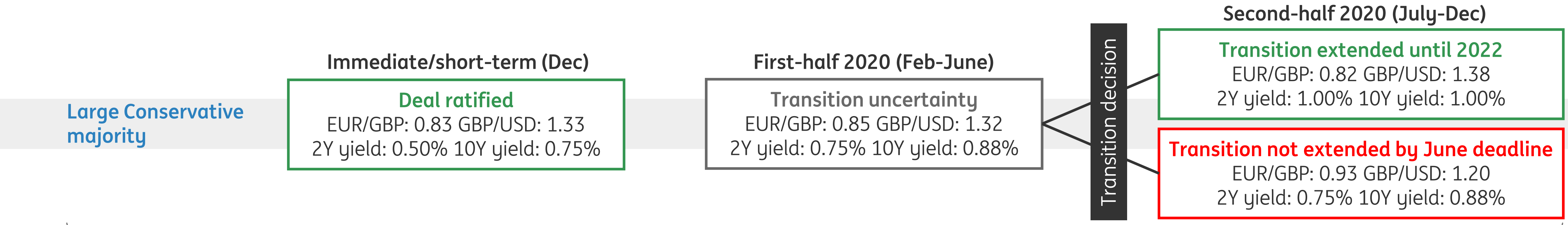
It could give Johnson the political space to negotiate an extension to the transition period. This standstill phase, where the UK's EU trading relationship will remain virtually unchanged, currently expires in December 2020. That will almost certainly need extending, but the UK needs to sign up to ongoing EU budget contributions – potentially at a higher cost than Britain currently pays.

This will undoubtedly infuriate hardline pro-Brexit Conservative MPs, and so far the government has ruled out an extended transition**.** But with a sizable majority, this could change – an extension is probably likely. The government may not face the electorate for another five years, given a strong majority means it's less vulnerable to no-confidence votes. An abrupt end to the transition period would be economically damaging, could limit UK negotiating power in future trade talks, and would also draw time/money away from other domestic priorities.

That said, **if the government decides that there is merit in ending the transition period in 2020, there is realistically very little Parliament can do about it**. MPs are unlikely to be able to seize control, as they did in March and September.

Economic impact

Certainty about ratification of the deal will quickly turn to caution about the length of the transition period. But if an extension can be agreed by the EU's June deadline, a cloud of uncertainty would lift. If coupled with better global activity and an improved jobs backdrop, this could feasibly unlock very modest BoE tightening later in 2020. Even so, it's worth remembering that there will still be limited clarity about the future relationship for specific industries. Investment will remain capped.



Thin Conservative majority

The risk of an abrupt exit to the transition period is more elevated, weighing on the economy and UK markets

The outlook for Brexit looks a little more uncertain if the Conservatives only just scrape through with a narrow majority. Johnson will have to balance the different factions of his party much more carefully.

The Brexit deal would still likely be ratified, although the withdrawal agreement bill could be more vulnerable to amendments on the future trading relationship. Parliament may push for stronger controls on the length of the transition period.

However PM Johnson will be under heavy pressure not to commit to further budget EU payments, raising questions about whether he will seek to extend the transition period beyond 2020. While we think an extension is probably unavoidable, there's a risk we don't get a decision by the EU's June deadline – after all negotiations will likely be messy.

Until an agreement in place, there's a risk that the UK (excluding Northern Ireland) exits the single market and customs union abruptly at the end of 2020.

It's possible that Parliament tries to step in with legislation to force an extension to the transition period, although this only really applies if the Conservatives have an ultra-thin majority . Don't forget a number of the moderate Conservative MPs that backed efforts to force an Article 50 extension in April and October are standing down at this election.

Economic impact

Added uncertainty over the length of the transition period will be a headache for UK firms. The risk of an abrupt end to the transition period will have a similar impact to a 'no deal' exit for many companies. If a deal isn't reached to extend the transition by June, then firms will likely allocate extra resources to contingency planning. Alongside weak capital spending, this could amplify the current fragility in the jobs market. A prolonged period of low orders (particularly in the service sector) could see the unemployment rate begin to edge higher. This could tilt the Bank of England closer to cutting interest rates.

Thin Conservative majority

Immediate/short-term (Dec)

Deal ratified
EUR/GBP: 0.84 GBP/USD: 1.31
2Y yield: 0.38% 10Y yield: 0.68%

First-half 2020 (Feb-June)

Transition uncertainty
EUR/GBP: 0.88 GBP/USD: 1.27
2Y yield: 0.75% 10Y yield: 0.88%

Transition decision

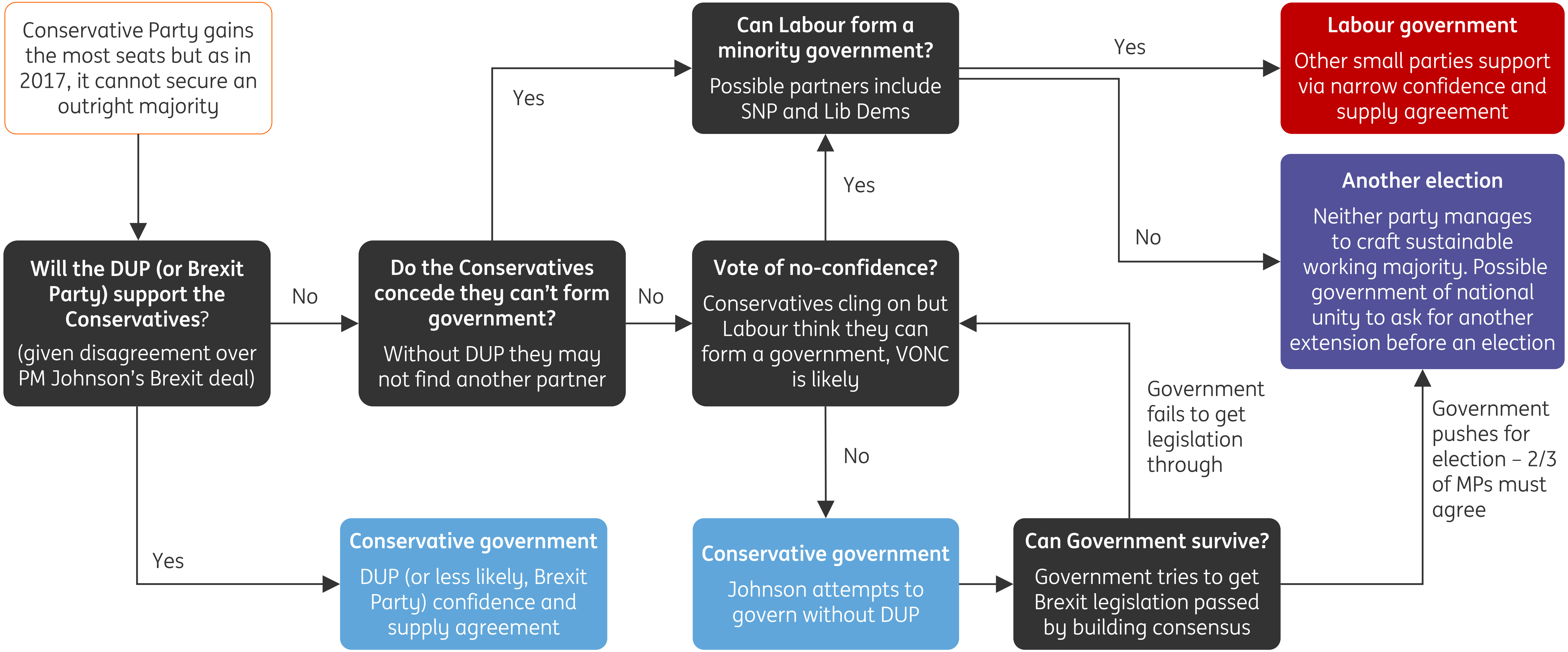
Second-half 2020 (July-Dec)

Transition extended until 2022
EUR/GBP: 0.82 GBP/USD: 1.38
2Y yield: 1.00% 10Y yield: 1.00%

Transition not extended by June deadline
EUR/GBP: 0.93 GBP/USD: 1.20
2Y yield: 0.75% 10Y yield: 0.88%

What happens if the Conservatives fail to secure a majority?

Without the support of the DUP, a Conservative minority government may not stand the test of time



Conservative minority government (with or without DUP)

The nightmare scenario for financial markets. ‘No deal’ risk returns and a repeat election in 2020 can’t be ruled out

If the Conservatives fail to gain an outright majority, they have two choices:

1. **Renew the confidence-and-supply deal with the Democratic Unionist Party (DUP).** Their support will hinge on the Conservatives renegotiating the current deal. But it’ll be hard to find a deal that ensures a) no hard border in Ireland b) no frictions between GB and NI (DUP demand) and c) the UK leaves the single market/ customs union. Impasse continues.
2. **‘Go it alone’ and build consensus for the deal.** If numbers are tight, they may be able to find support from a handful of Labour rebels. Otherwise, the government will need to accept a customs union, or even a second referendum, as the price of Parliament’s support. But this strategy risks rapidly losing the hardline pro-Brexit Conservative MPs (roughly 25-30).

Both scenarios would also be highly unstable. There is a risk that neither the Conservatives nor Labour can gain the confidence of the House of Commons, meaning another general election during 2020 cannot be ruled out.

The most immediate question is will the government apply for another Article 50 extension – or will Parliament force it to again, perhaps by installing a government of national unity? The answer to one of these questions is likely to be ‘yes’, although there won’t be long to decide and in the meantime the risk of ‘no deal’ on 31 January would rise considerably.

Economic impact

In the short-term, this is probably the worst scenario for the economy. ‘No deal’ fears return, and with a divided Parliament, progress on Brexit and other domestic issues would grind to a halt. This would likely see investment fall further, and could amplify the small degree of slack that has recently emerged in the jobs market. If this is coupled with a further decline in global activity, we wouldn’t rule out a rate cut from the Bank of England.

	Immediate/short-term (Dec-Jan)	First-half 2020 (Feb-Jun)	Second-half 2020 (July onwards)
Conservative minority (DUP/alone)	**No deal risk rises amid impasse** EUR/GBP: 0.90 GBP/USD: 1.20 2Y yield: 0.25% 10Y yield: 0.50%	**Art. 50 extended, repeat election possible** EUR/GBP: 0.90 GBP/USD: 1.22 2Y yield: 0.50% 10Y yield: 0.75%	**Uncertainty persists** EUR/GBP: 0.90 GBP/USD: 1.24 2Y yield: 0.68% 10Y yield: 0.88%

How a second Brexit referendum could work in practice

Without a stable majority, there are plenty of obstacles that could derail Labour's attempt to hold a second referendum

Referendum date

Labour government renegotiates Brexit deal before going to a referendum

Lawmakers need to agree on a question before passing the legislation

Parliament legislates for election

Up to 12 weeks
Question tested for bias (could be shortened)

10 weeks
Regulated campaign period

Decide on a question

- Will it be a straight deal vs remain vote – and if so, what deal would be on the ballot paper? If Labour is leading a minority government, there could be disagreements about how the deal should be renegotiated.

Pass the legislation

1. **Option 1:** Ask Parliament to approve the revised deal up-front – subject to a "confirmatory" public vote. If UK backs Brexit again over 'remain', then deal more-or-less automatically kicks in.
2. **Option 2:** Leave the approval & ratification of the deal until after the deal passes (more likely if Labour only has a slim working majority). Could lead to a more volatile/protracted ratification process post-referendum.

Other key questions:
What will be the exact question? What will be the date (will it happen before or after another Scottish referendum)?

Campaign period

- Legally, there's a minimum of 10 weeks to allow time for official campaign groups to be designated and for a campaign to take place.
- In theory this process being abridged if MPs agree to do so – although in reality the logistics of organising a referendum could mean it all takes a lot longer.

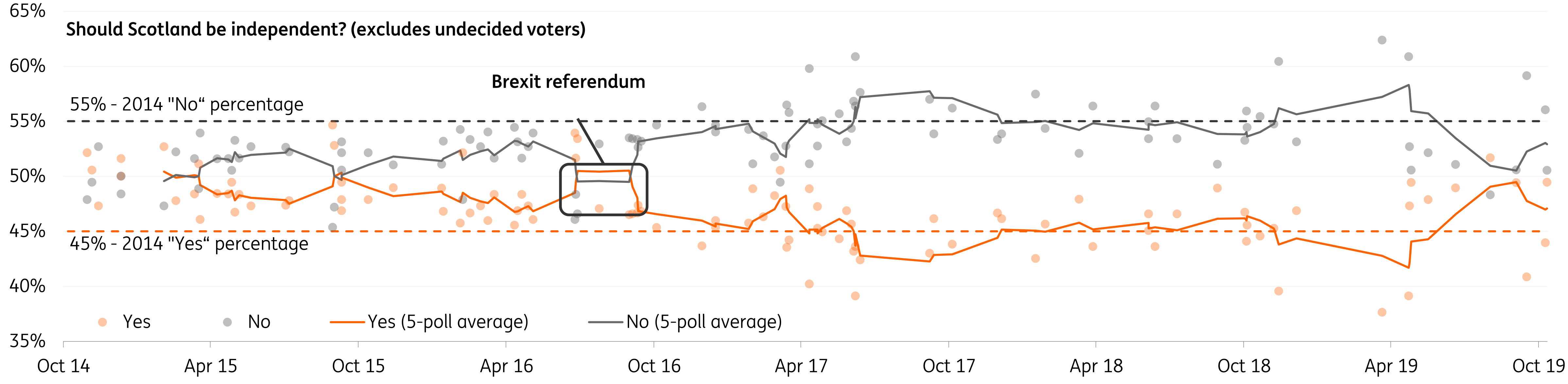
A second Scottish independence referendum in 2020 or 2021?

Labour has not ruled out a second Scottish referendum in exchange for the Scottish National Party's support in government

The Scottish National Party looks likely to be the UK's third biggest part in Westminster after December's election. If the Conservatives fail to get a majority, then there's a good chance that Labour will attempt to form some form of agreement with the SNP (and others). The price of their support will almost certainly be a second Scottish independence referendum.

The Labour Party does not appear to be ruling this out, although clearly the timing will be key. The SNP is calling for the referendum to happen in 2020. While it's still not clear that the majority of Scots support independence, the polls have been narrowing as Brexit noise has increased. With Scotland being a largely pro-remain nation, the SNP will want to capitalise on anti-Brexit sentiment in another referendum.

However, Labour will probably try to ensure that an independence referendum doesn't happen until after a second referendum on EU membership. That vote, which could either see remain or a softer Brexit deal emerge, could theoretically see Scottish independence support decline.



Solid Labour-led minority government

Second referendum delivered (relatively) smoothly, leading to either a ‘remain’ or softer Brexit outcome

While the Conservatives hold more seats, Labour gains more than expected. The Conservatives can’t form a government and Labour leader Jeremy Corbyn becomes prime minister. A lot will depend on how far away Labour is from the magic 320 seats required for a working majority. If they aren’t far off, either:

1. The party only needs the support of one or maybe two other parties
2. Labour can build a stable working majority involving various parties, which is less vulnerable to it collapsing if one faction breaks away

Either way, **this is unlikely to take the form of a coalition**. A narrow confidence-and-supply deal – or even something more informal – is more likely.

Labour will want to re-negotiate the Brexit deal, perhaps at least to include UK-wide customs union access. **This deal will then be pitted against ‘remain’ in a referendum**. A solid working majority should make it easier for a Labour government to overcome the legislative hurdles (question wording, timing of the vote etc) – and may even allow a referendum to assume an accelerated timeline.

A referendum will take at least six months to arrange, requiring an Article 50 extension. **The UK may need to quickly commit to 2021 EU budget payments.**

Importantly, if the government can hold together its working majority after a referendum, then that should give it scope to implement the result – particularly if the public backs remaining in the EU.

Economic impact

The risk of ‘no deal’ is removed, but firms may sit on their hands until the second referendum is conducted. The potential risk of Scottish independence (if Labour govern with SNP support) will add extra uncertainty. Realistically, these unknowns may not be fully resolved in 2020, possibly ruling out BoE rate hikes. But if a referendum is conducted – and the result smoothly implemented – then that would help unlock a better medium-term outlook (particularly if the UK votes to ‘remain’). A fiscal boost is also likely, but crucially we suspect Labour’s bolder economic policies may not materialise if Labour lacks an outright majority.

Solid Labour-led minority government

Optimism on referendum
EUR/GBP: 0.80 GBP/USD: 1.38
2Y yield: 0.50% 10Y yield: 0.88%

Uncertainty as Brexit referendum set-up
EUR/GBP: 0.84 GBP/USD: 1.33
2Y yield: 0.50% 10Y yield: 1.00%

Referendum result

UK votes to leave (softer deal). Election?
EUR/GBP: 0.81 GBP/USD: 1.40
2Y yield: 0.68% 10Y yield: 1.13%

UK stays in EU albeit Scottish risk remains
EUR/GBP: 0.78 GBP/USD: 1.45
2Y yield: 0.75% 10Y yield: 1.25%

Fragile Labour-led minority government

Second referendum process proves turbulent, and no guarantee the government survives to deliver the result

Things could be much more complicated if Labour is further away from the 320-seat working majority threshold. The party would still push ahead with another referendum, but will be heavily reliant on the support of multiple other parties. This could lead to frictions on the process and nature of the referendum.

- **What Brexit deal will go on the ballot paper?** Labour wants to renegotiate a softer Brexit deal with the EU – presumably one that at least keeps the UK in a customs union. But will all of Labour's Westminster partners be happy with this – particularly if the government asks Parliament to approve the deal upfront (in other words, so that it automatically gets ratified if the UK votes for it in a referendum).
- **When will the referendum happen?** The Scottish National Party will want an independence referendum ASAP, and it may insist this happens before another Brexit referendum. Given Labour's thin working majority could fall apart without the SNP's support, Corbyn will be under a lot of pressure when it comes to timing another Brexit vote – particularly given the EU will want clarity sooner rather than later to allow the necessary Article 50 extension.
- **Can Labour carry pro-leave MPs within its party?** Labour MPs that support pro-leave areas will be wary of supporting referendum/remain campaign.

Economic impact

The risk of 'no deal' is removed, but the protracted and uncertain referendum process along with the added risk of Scottish independence means elevated uncertainty. Weak capital spending could amplify the current fragility in the jobs market, while fiscal policy may also be relatively neutral if Labour's working majority is particularly fragile. Bank of England rates are likely to remain on hold for the time being, although a deterioration in global growth coupled with domestic weakness could feasibly trigger rate cuts.

Fragile Labour-led minority government

Immediate/short-term (Dec)

Second referendum likely, unstable govt
EUR/GBP: 0.83 GBP/USD: 1.33
2Y yield: 0.50% 10Y yield: 0.75%

First-half 2020 (Feb-June)

Referendum process drags on
EUR/GBP: 0.87 GBP/USD: 1.29
2Y yield: 0.50% 10Y yield: 1.00%

Referendum result

Second-half 2020 (July-Dec)

UK votes to leave (softer deal). Election?
EUR/GBP: 0.81 GBP/USD: 1.40
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UK stays in EU albeit Scottish risk remains
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Labour majority

Economic policy uncertainty initially outweighs second referendum effect for financial markets

The latest polls suggest a Labour majority is unlikely. But if Jeremy Corbyn's party does win at December's election, it could be initially negative for financial markets – particularly because it would be fairly unexpected.

With an outright majority, Labour would have greater scope to pursue its bold domestic agenda. This includes nationalisation of various industries (including rail and energy), as well as changes on share ownership for workers, and a reduced working week. This is likely to be the focus of the initial market reaction.

However, even if the Labour Party can implement all of these policies, it will take time. So as we move into 2020, some focus may switch back to Brexit where a second referendum, coupled with another Article 50 extension is likely.

Importantly, we suspect that Labour will structure the referendum so that if a deal is backed by the public, it is more-or-less automatically ratified. That makes it more likely that the referendum and result can be smoothly implemented during 2020 – reducing some Brexit uncertainty thereafter.

Economic impact

In the short-term, the main focus for businesses will be the removal of the 'no deal' risk, although again firms are likely to remain cautious until the result of a second referendum is known. In the medium-longer term, the positive growth impact of increased infrastructure spending/fiscal easing is likely to be offset to some extent by uncertainty surrounding the details/scope of Labour's economic policy change. This latter point is likely to limit investment in certain industries.

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Labour majority	**Economic policy concerns** EUR/GBP: 0.90 GBP/USD: 1.22 2Y yield: 0.50% 10Y yield: 0.75%	**Focus switches from policies to second ref** EUR/GBP: 0.86 GBP/USD: 1.30 2Y yield: 1.00% 10Y yield: 1.25%	**Softer or no Brexit but bold policy** EUR/GBP: 0.86 GBP/USD: 1.31 2Y yield: 1.25% 10Y yield: 1.50%

The moving parts in the race for No. 10

The factors that may hold the key to power

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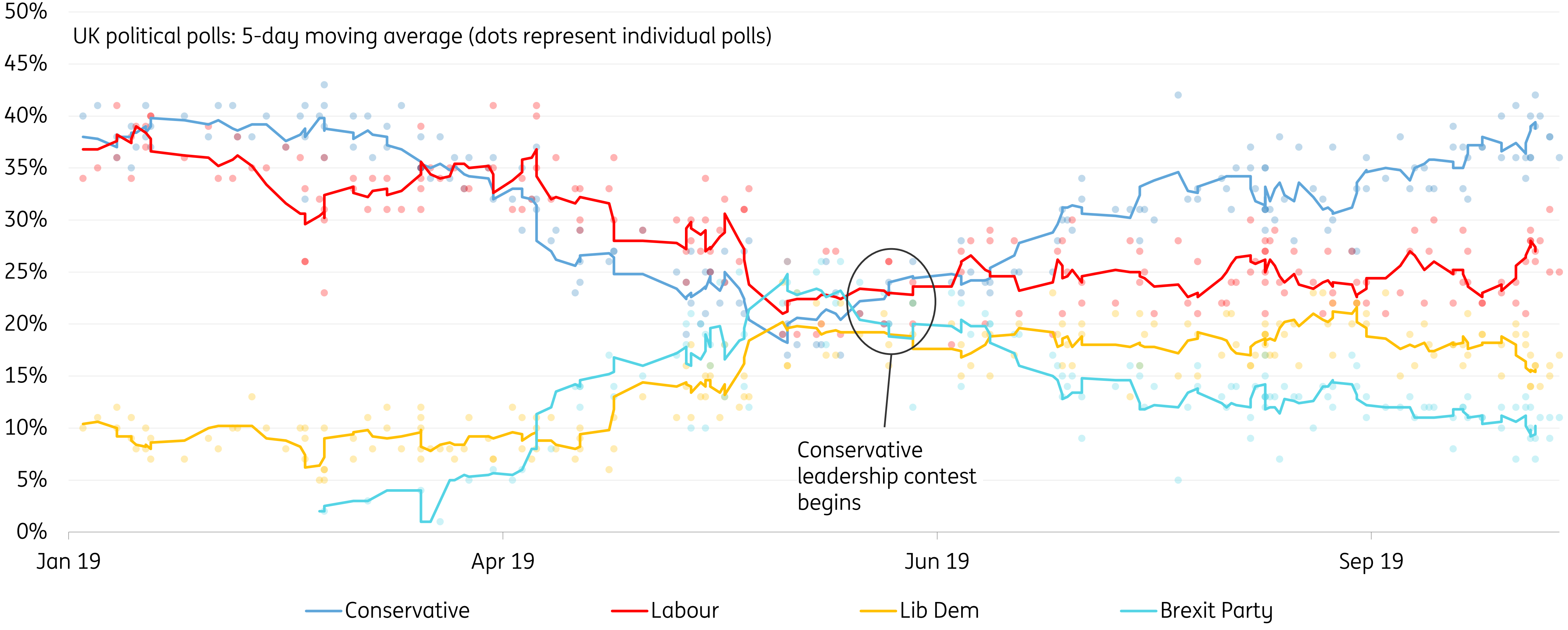
Boris Johnson's Conservative party is flying in the polls

The Conservatives have gradually risen in the polls since Boris Johnson became the party leader

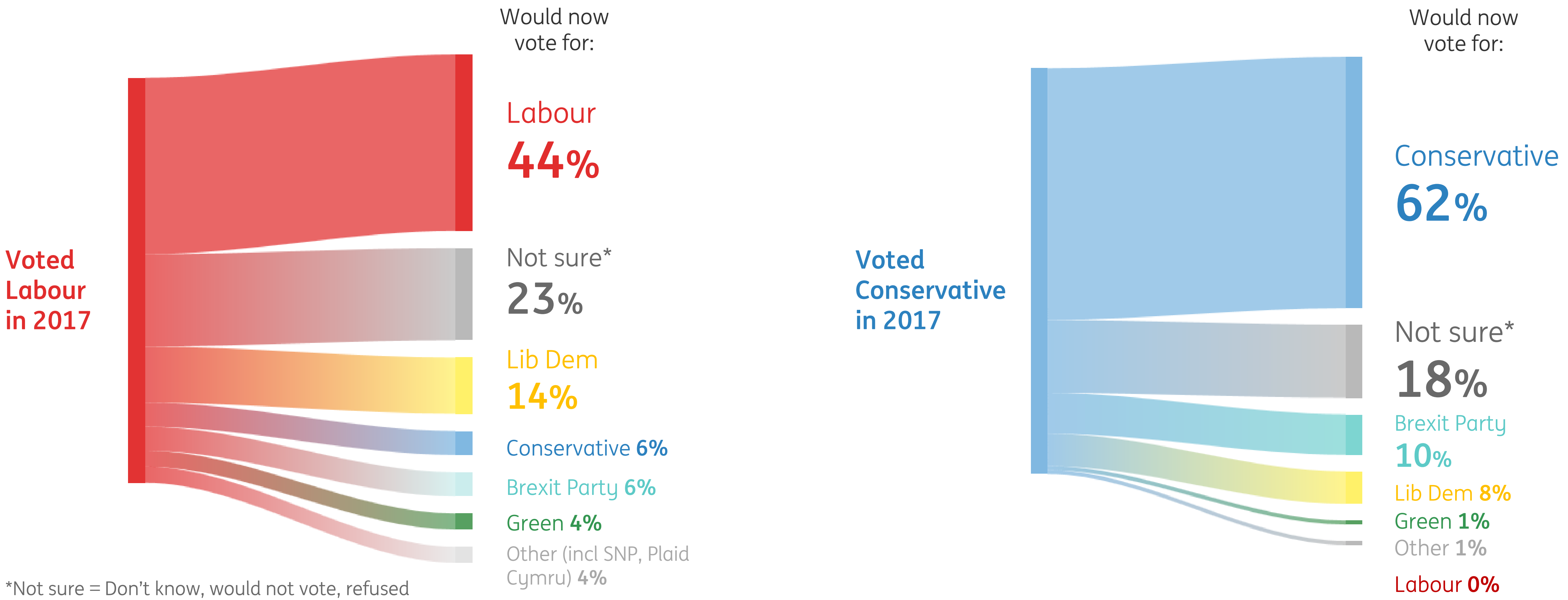
Source: YouGov, Survation, Opinium, Deltapoll, ComRes, Ipsos MORI, BMG



Both major parties have seen support fall, but opposition more divided

The UK's first past the post system means the lesser-divided Conservative party could *theoretically* gain an outright majority

If there were a general election held tomorrow, which party would you vote for? *Source: YouGov (5-6 Nov fieldwork)*

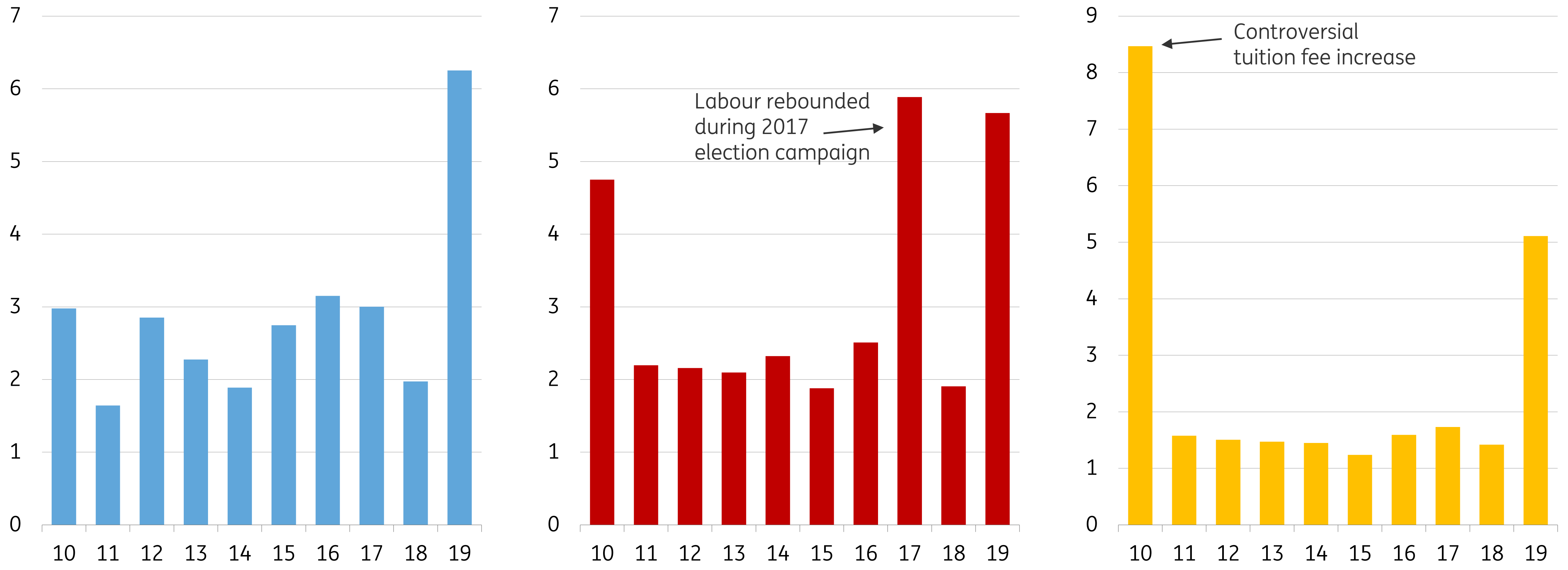


*Not sure = Don't know, would not vote, refused

But voters are switching parties at almost unprecedented rates

Voters are decreasingly attached to any particular party, which has helped see polling volatility surge during 2019

Annual volatility in YouGov political polls for each party (measured as the standard deviation in polling points)

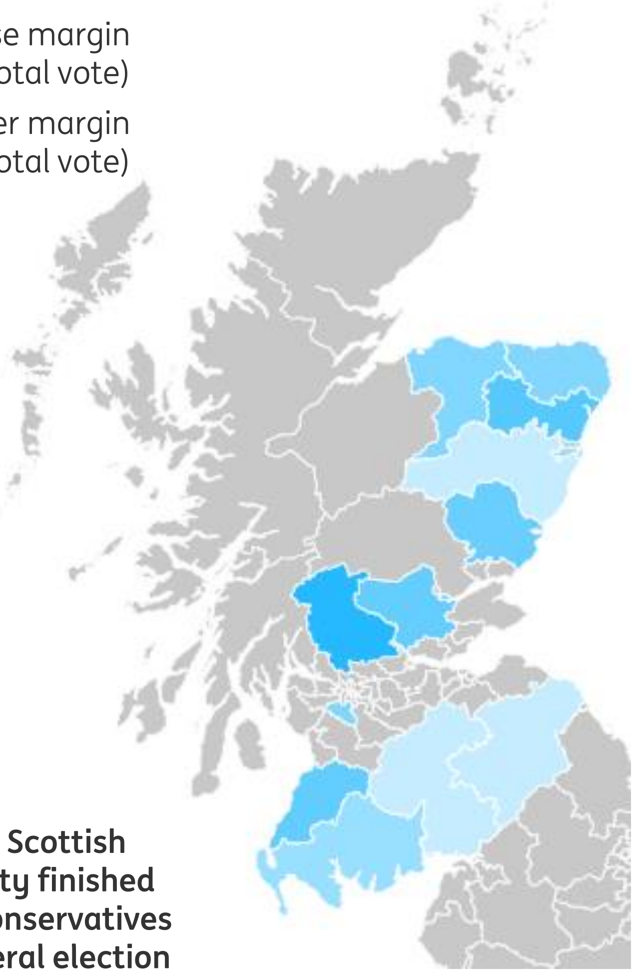


Source: YouGov polling, PollBase, ING calculations
*2019 is year-to-date

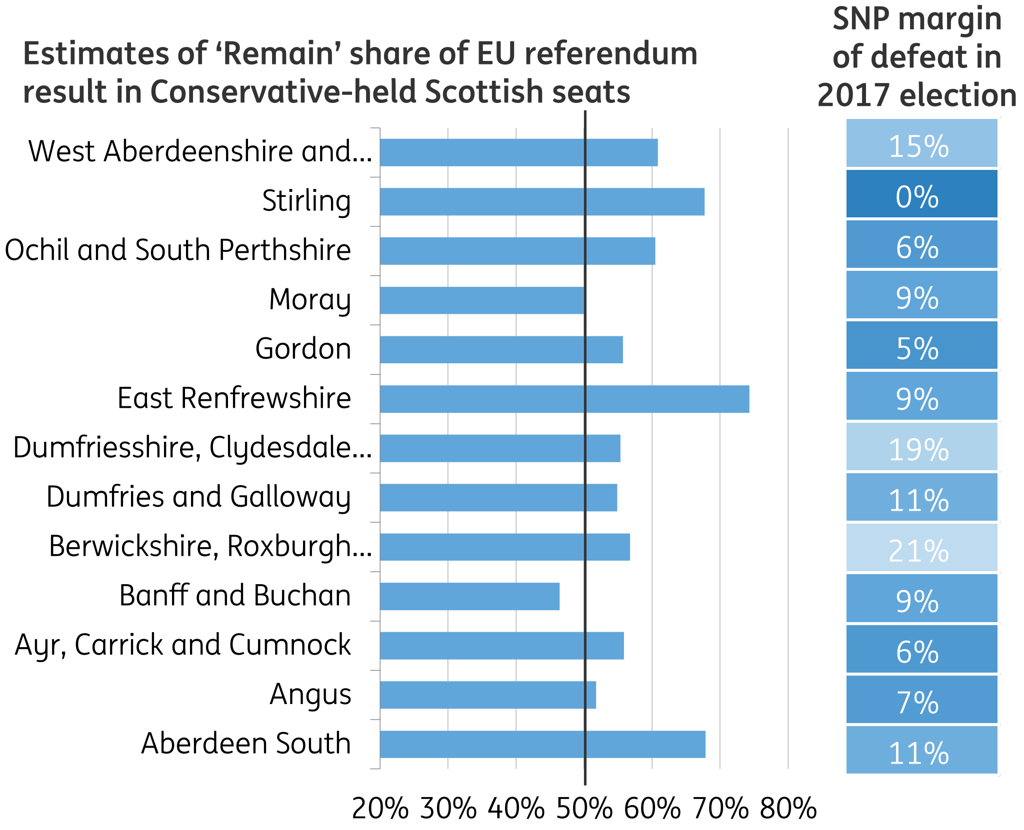
Pro-remain Conservative seats vulnerable to SNP in Scotland

All-bar-one of the Conservatives' Scottish seats voted remain in the Brexit referendum

Close margin (1-15% of total vote)
Wider margin (15-30% of total vote)



Areas where Scottish National Party finished second to Conservatives in 2017 general election



Source: UK Government, Dr Chris Hanretty Brexit by constituency estimates, ING.
Margin = seats difference between Conservative and Lib Dems, as a proportion of the total votes cast

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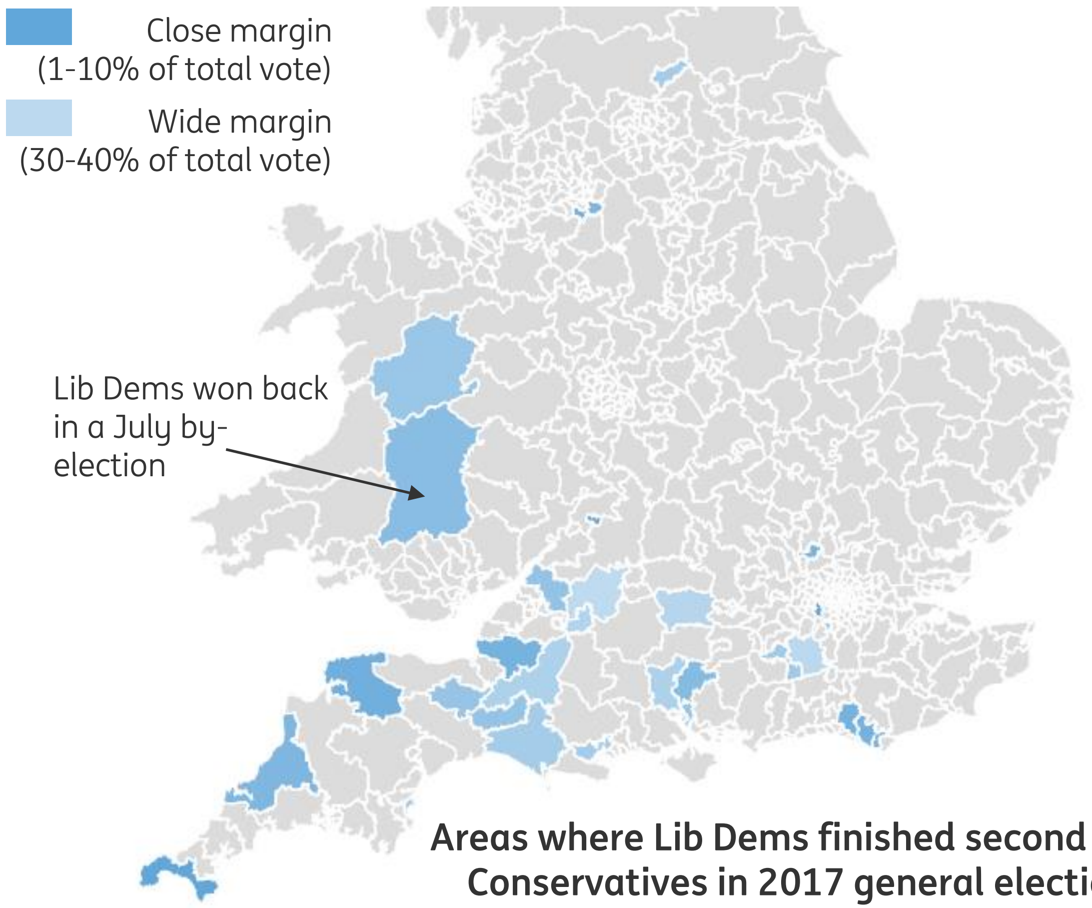
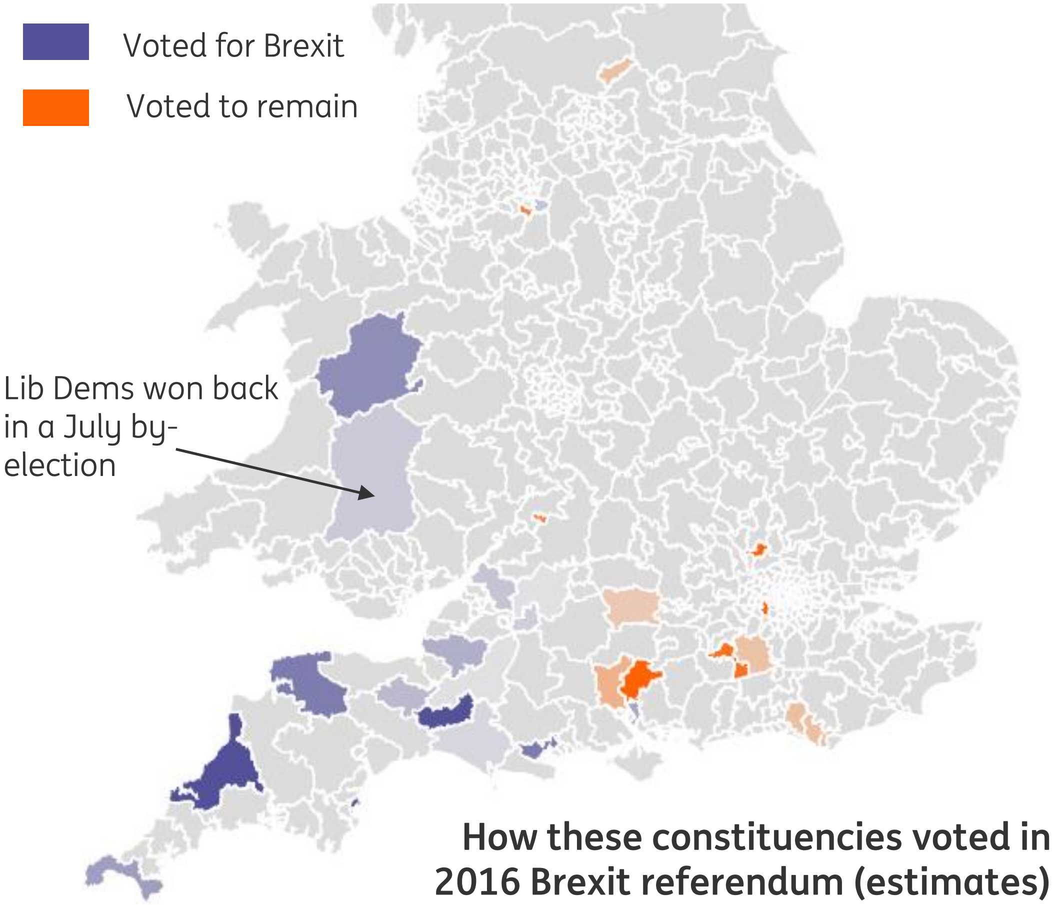
SW England Conservative-held areas vulnerable to Lib Dems?

Conservatives vulnerable to pro-Remain Lib Dems, although a number or areas where LD came 2nd last time voted for Brexit



Areas where Lib Dems finished second to Conservatives in 2017 general election

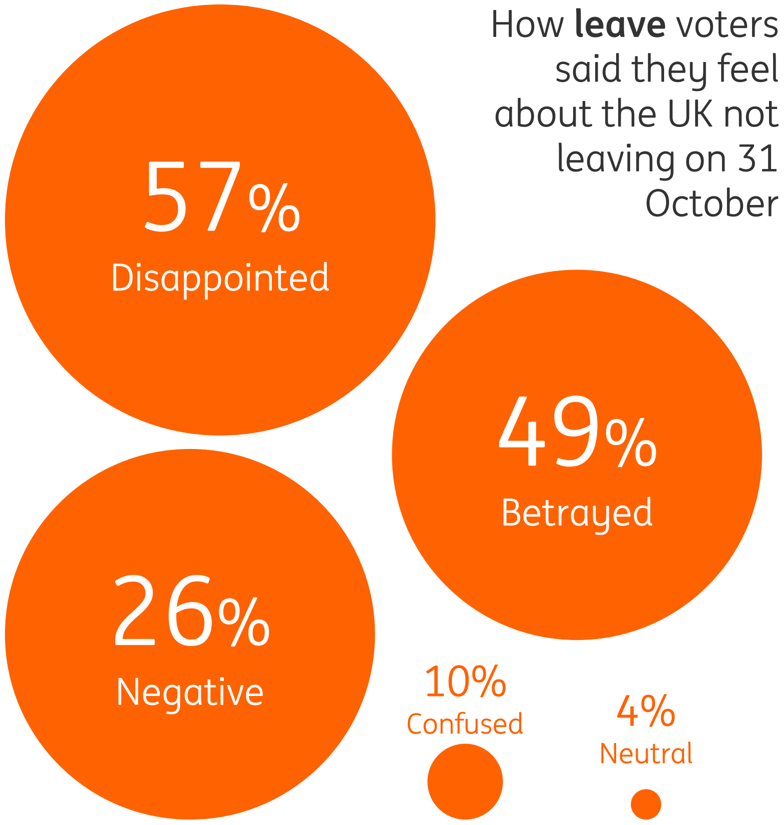


How these constituencies voted in 2016 Brexit referendum (estimates)

Source: UK Government, Dr Chris Hanretty Brexit by constituency estimates, ING. Margin = seats difference between Conservative and Lib Dems, as a proportion of the total votes cast

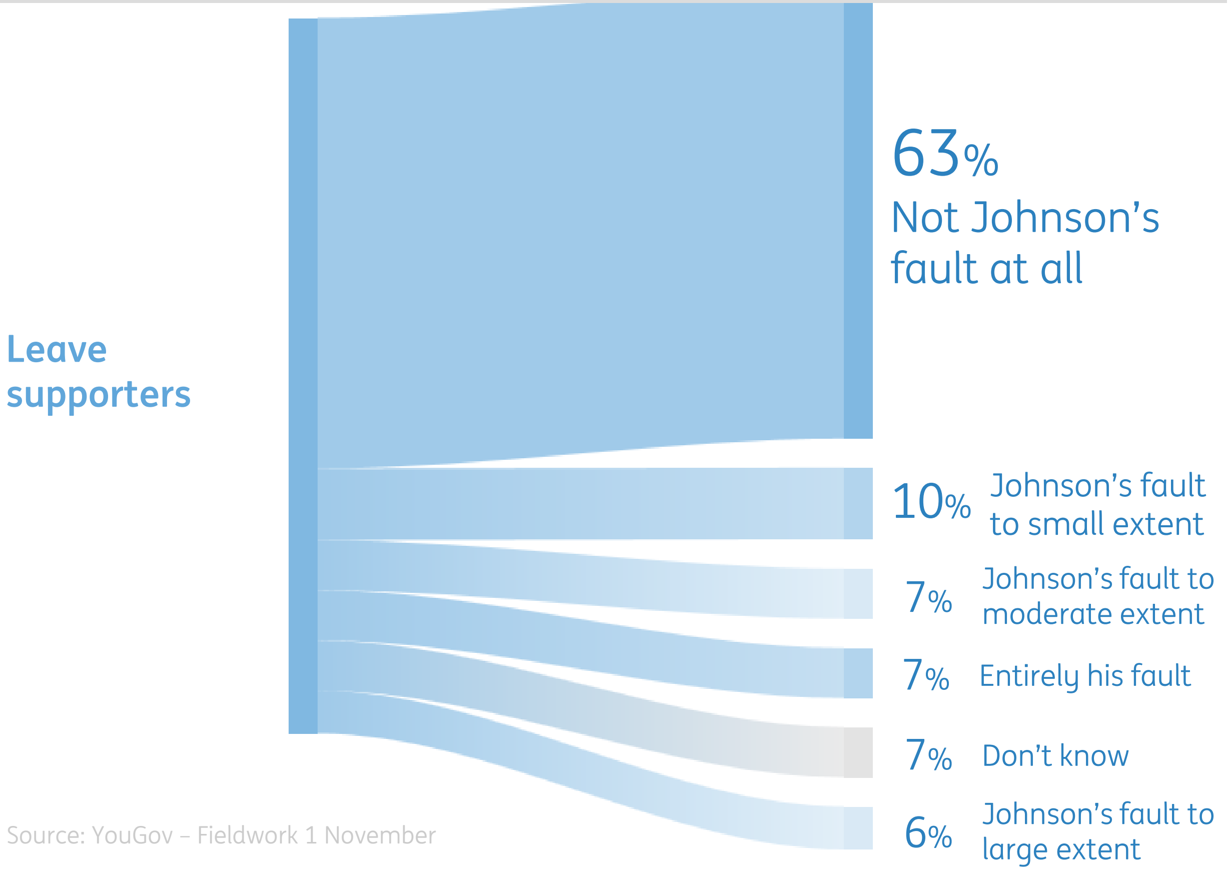
Vulnerability to the “do or die” October 31 deadline?

Leave voters not happy about delay, but not clear that Johnson will get the blame. This could limit flows to the Brexit Party



Source: The Times/JL Partners

The 31 October deadline by which Boris Johnson promised to deliver Brexit has now passed. To what extent is this Boris Johnson’s fault? (Polling from 1 November)



Source: YouGov – Fieldwork 1 November

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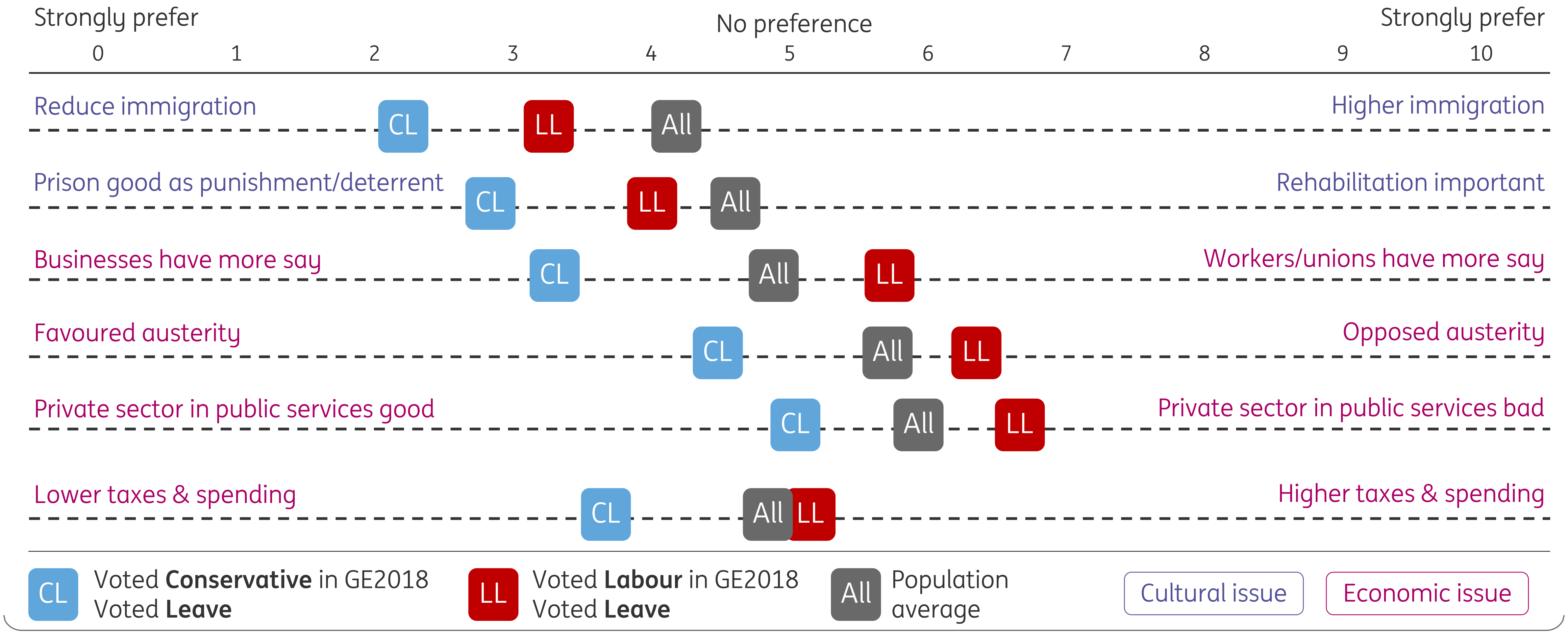
‘Labour leave’ seats will be the key battleground – Economic issues key

Conservatives will need to target ‘Labour leave’ areas to offset potential losses. Can Labour shift focus away from Brexit?

Which kind of policies are you more inclined to support? (ranked 0-10)

Source: Lord Ashcroft poll, April 2019 – Voters asked to rank their preference between two statements on a scale of 0-10



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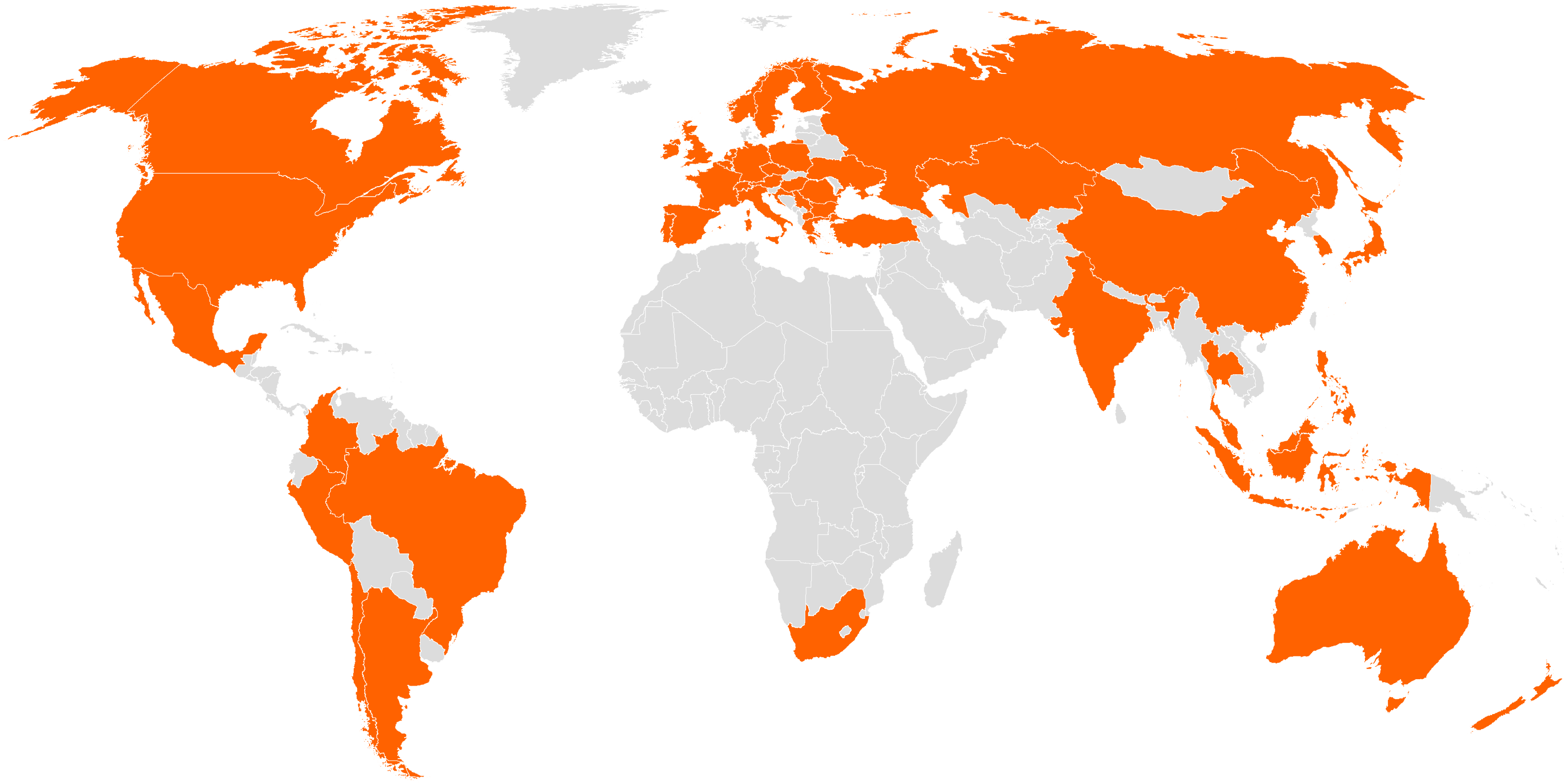

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